

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of a Petition by
Dakota Electric Association for
Authority to Increase Electric Rates

**FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND RECOMMENDATION**

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The above-entitled matter was heard, pursuant to notice, before Administrative Law Judge Kathleen D. Sheehy on August 26, 2003, in the Large Hearing Room of the Minnesota Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota. The record closed on September 25, 2003, upon receipt of the parties' jointly submitted Proposed Findings of Fact, Conclusions of Law, and Recommendation.

Harold LeVander, Jr., Esq., Felhaber, Larson, Fenlon & Vogt, 30 East Seventh Street, Suite 2100, St. Paul, Minnesota, appeared for Dakota Electric Association.

Ginny Zeller, Assistant Attorney General, NCL Tower, Suite 1400, 445 Minnesota Street, St. Paul, Minnesota, appeared for the Minnesota Department of Commerce (Department).

Clark Kaml and Gerald Dasinger, Rate Analysts, 121 Seventh Place East, Suite 350, St. Paul, Minnesota, appeared on behalf of the staff of the Minnesota Public Utilities Commission (Commission).

NOTICE

Notice is hereby given that, pursuant to Minnesota Statutes § 14.61 and the Rules of Practice of the Public Utilities Commission and the Rules of the Office of Administrative Hearings, exceptions to this report, if any, by any party adversely affected must be filed within twenty (20) days of the mailing date hereof or such other date as established by the Commission's Executive Secretary or as agreed to by the Parties with the Commission's Executive Secretary.

The Minnesota Public Utilities Commission will make the final determination of the matter after the expiration of the period for filing exceptions as set forth above, or after oral argument, if such is requested and had in the matter.

Further notice is hereby given that the Commission may, at its own discretion, accept, reject, or modify the Administrative Law Judge's recommendations and that said recommendations have no legal effect unless expressly adopted by the Commission as a final order.

Based upon all the proceedings herein, the Administrative Law Judge makes the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. PROCEDURAL HISTORY

1. Dakota Electric Association (DEA, Dakota Electric, or the Cooperative) is a cooperative association organized under Minn. Stat. § 308.05 for the purpose of supplying electric service to approximately 90,000 customers in Dakota County and portions of Scott, Rice and Goodhue Counties in Minnesota. The Cooperative's principal office is in Farmington, Minnesota. DEA purchases most of its electric requirements from Great River Energy of Elk River, Minnesota.

2. On March 3, 2003, the Cooperative filed a petition for a general increase in electric rates. The Cooperative requested a rate increase of about \$5,956,000, or 5.4% over existing rates. For the test year, the Cooperative proposed to use actual historical operations for 2002, adjusted for known and measurable changes. The Cooperative proposed that its increased rates would be effective for electric energy used after January 1, 2004.

3. In a notice issued March 6, 2003, the Commission requested comments on whether DEA's filing complied with the requirements in Minn. Stat. § 216B.16, Minn. Rules parts 7825.3100 to 7825.4400 and Commission Orders. The Commission also requested comments on whether the matter should be referred to the Office of Administrative Hearings (OAH) for a contested case proceeding. On March 19, 2003, the Department submitted comments recommending that the Commission accept DEA's filing and refer this matter to the OAH.

4. On April 21, 2003, the Commission issued three Orders, the first accepting the filing and suspending the proposed rates, the second referring the case to the Office of Administrative Hearings for contested case proceedings. In its second Order, the Commission directed parties to address the following issues in the course of the contested case proceedings ordered therein:

- (1) Is the test year revenue increase sought by the Cooperative reasonable or will it result in unreasonable and excessive earnings by the Cooperative?
- (2) Is the rate design proposed by the Cooperative reasonable?
- (3) Is the Cooperative's proposed capital structure and return on equity reasonable?

5. The Office of Administrative Hearings assigned the case to Administrative Law Judge Kathleen D. Sheehy. In the Commission's third Order, the Commission set interim rates pursuant to Minn. Stat. § 216B.16, subd. 3. Interim rates were authorized as of May 2, 2003 and were set at existing rates, consistent with the Cooperative's request.

6. A prehearing conference was held on May 7, 2003, in the Small Hearing Room of the Minnesota Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota. The Prehearing Order was issued on May 8, 2003.

7. Administrative Law Judge Allan Klein presided at three public hearings to receive comments and questions from non-intervening ratepayers. The first hearing was held in Apple Valley, Minnesota, on July 14, 2003, the other two were held in Farmington, Minnesota, on July 15, 2003. No ratepayers appeared at any of the public hearings. Members of the Commission staff, Cooperative representatives, and Department representatives attended all hearings.

8. When the hearing commenced on August 26, 2003, the parties stated that they had reached agreement on all material issues as indicated in their prefiled testimony. They stipulated to admission of all prefiled testimony, which was marked and received as Exhibits 1 through 9. The following witnesses were sworn and answered questions posed by the Administrative Law Judge and Commission staff concerning the terms of and rationale for their agreement: Douglas Larson, Dale Lusti, and Sachin Shah. All other witnesses were available for questioning at the hearing but did not provide testimony because there were no questions for them at the time. The parties further agreed that after the hearing they would jointly submit proposed findings and conclusions to document their agreement. (Tr. August 26, 2003 at 4-7).

9. On September 24, 2003, the parties jointly submitted Proposed Findings of Fact, Conclusions of Law, and Recommendations.

II. APPLICABLE STATUTES; JURISDICTION.

10. The Commission has general jurisdiction over DEA under Minn. Stat. §§ 215B.01 and 216B.026. These statutes provide for Commission regulation of cooperative electric associations if the members elect to become subject to rate regulation by the Commission. In 1980, a majority of DEA members made such an election and the Cooperative has been regulated by the Commission since 1981.

11. The matter was properly referred to the Office of Administrative Hearings under Minn. Stat. §§ 14.57 - 14.62 (1990) and Minn. Rules, parts 1400.0200 et seq.

III. MAJOR ISSUES DEVELOPED IN THE PARTIES' PREFILED TESTIMONY

A. Financial Issues

12. Dakota Electric Association proposed Total Test Year Operating Expenses of \$109,319,000. (Larson, Ex. 1, p. 8). Dakota Electric proposed a revenue increase of \$5,956,000 or 5.4% based on a comparison of proposed Test Year Total Revenue Requirements and Total Revenue. (*Id.*).

13. Department witness Lusti performed the Department's financial review and sponsored specific financial adjustments.

Rate Base

14. In prefiled Direct Testimony, Mr. Lusti recommended adjustments to reduce Test Year rate base \$324,023 to reflect the Cooperative's depreciation expense adjustment in the accumulated depreciation (reserve) and \$2,490,736 to reflect the elimination of plant and reserve related to the accounting policy change implemented by the Cooperative retroactive to 1992. (Lusti, Ex. 3, pp.11-14).

15. Dakota Electric did not object to the rate base adjustments as recommended by Mr. Lusti.

Cash Working Capital

16. Mr. Lusti recommended a reduction in Test Year cash working capital of \$3,056,966 as a result of applying DEA's lead/lag study factor to the Department's proposed O&M expenses, and expense lag factor related to property taxes. (Ex. 4, p. 5).

17. Dakota Electric did not object to the cash working capital reduction recommended by Mr. Lusti.

Capital to Expense Adjustment

18. The Department recommended reducing Test Year expenses by \$64,117 to reflect the DOC modification to the Capital to Expense adjustment. (Ex. 3, pp. 17-18).

19. Dakota Electric did not object to the Capital to Expense adjustment recommended by the Department.

Medical Insurance

20. The Department recommended that medical insurance Test Year expenses be reduced by \$110,500.

21. DEA witness Larson submitted prefiled Rebuttal Testimony on behalf of Dakota Electric providing additional information and justification for the Cooperative's proposed increase of 12% in Test Year expense levels for medical insurance

premiums. (Larson, Ex. 2, pp. 3-5). The additional evidence showed that DEA is in the middle of a two-year medical insurance agreement that is likely to increase by nearly 20 percent in the second year. In addition, the evidence demonstrated that similarly situated distribution cooperatives are currently experiencing average increases in medical premiums of approximately 16.3 percent.

22. In prefiled Surrebuttal Testimony, Mr. Lusti acknowledged that the additional information provided by the Cooperative was sufficient to justify the Cooperative's proposed medical insurance premium expense. (Lusti, Ex. 4, pp. 2-3).

Property Taxes

23. The Department recommended reducing Test Year expenses by \$321,380 to reflect test year property taxes. The adjustment is based on the estimated 2002 property tax rate rather than using the 2001 actual property tax rate, since it was documented that the actual property taxes decreased each year during the period 1997 through 2002. (Ex. 3, pp. 18-19).

24. Dakota Electric did not object to the reduction in test year expenses for property taxes as recommended by the Department.

Depreciation Expense

25. The Department recommended reducing Test Year expenses by \$104,020 to reflect the depreciation expense related to the elimination of plant and reserve due to the Company's accounting policy change to capitalize to distribution plant only direct physical design and installation work, retroactive to 1992. (Ex. 3, p. 20).

26. Dakota Electric did not object to the reduction in depreciation expense as recommended by the Department.

System Engineer

27. The Department recommended reducing Test Year expenses by \$96,740 to reflect the elimination of the Cooperative's proposed System Engineer position. (Ex. 3, pp. 20-21).

28. Douglas R. Larson submitted prefiled Rebuttal Testimony on behalf of Dakota Electric providing additional information and justification for the Cooperative's proposed Test Year expense levels for the new System Engineer position. (Ex. 2, pp. 5-6).

29. In prefiled Surrebuttal Testimony, Mr. Lusti acknowledged that the additional information provided by the Cooperative was sufficient to justify the Cooperative's proposed test year expense for the System Engineer position. The additional evidence showed that the duties of the position will include addressing

recently approved Public Utilities Commission Minnesota rules established in January, 2003, for Safety, Reliability, and Service Quality (SRSQ). A major portion of the new employee's time through the first quarter of 2004 will be spent preparing the first annual SRSQ[w1][w2] report and continuing reports on April of each year. DEA also identified that the position will be posted and/or advertised by September 15, 2003, and filled during the fourth quarter of 2003. (Ex. 4, p. 3).

Allocated A&G Expenses

30. The Department recommended a reduction in Test Year expenses of \$8,615 to reflect an allocated A&G expense to the non-regulated subsidiaries and a reduction of \$1,902 to reflect an allocated A&G expense reduction to the internal non-regulated activities. (Ex. 3, pp. 21-22).

31. Dakota Electric did not object to the allocated A&G expense reductions recommended by the Department.

Line Extension Charges

32. In prefiled Direct Testimony, Dakota Electric proposed modifications to its line extension charges. (Ex. 1, pp. 60-61.) Dakota Electric subsequently requested that the proposal for line extension charges be withdrawn from this general rate case and instead be addressed in a future miscellaneous filing. (Ex. 2, p. 14).

33. The Department agreed with the Cooperative's proposal to withdraw the line extension issue from the rate case, including DEA's proposal that Other Operating Revenue related to the extension charges would remain in the test-year calculation of operating revenue, with a limitation on the impact from a future miscellaneous filing to those revenues included in the Test Year revenue. (Ex. 4, p. 4).

Rate Base

34. In prefiled Direct Testimony, Dakota Electric proposed a Test Year rate base level of \$133,277,000. (Ex. 1, p. 8).

35. As a result of various Department adjustments, the DOC recommended a rate base of \$127,405,407. (Ex. 4, p. 5).

36. In his testimony at the hearing on August 26, 2003, Mr. Larson confirmed that the Cooperative agrees with the rate base as reflected in Mr. Lusti's Surrebuttal Testimony.

Summary of Financial Issues

37. After reflecting all adjustments summarized in the prefiled Surrebuttal Testimony of Mr. Lusti, the Department proposed a revenue deficiency for the

Cooperative of \$5,356,793, representing an overall increase of 4.8% in the Cooperative's annual revenues. (Ex. 4, p. 6).

38. In his testimony at the August 26, 2003 hearing, Mr. Larson confirmed that Dakota Electric concurs with this level of rate increase as reflected in Mr. Lusti's prefiled Surrebuttal Testimony. A summary of all financial adjustments is attached in Appendix A.

B. Rate of Return

39. DEA proposed a total Test Year capitalization of \$141,794,000 (Ex. 1, p. 18) and a rate base of \$133,277,000 (Ex. 1, p. 8). DEA proposed an overall rate of return of 6.27 percent (*Id.*).

40. Department witness Amit determined a fair rate of return on common equity capital and a fair overall rate of return for Dakota Electric on behalf of the Department. Dr. Amit determined that, since the overall rate of return is applied to the rate base to produce the appropriate level of net income, the overall rate of return must be adjusted to allow DEA to earn the same amount on its rate base as it would on its total capitalization. (Ex. 8, pp. 11-13). Dr. Amit's analysis resulted in a recommended rate of return on equity for DEA of 6.75%, a cost of debt of 5.83%, and an overall return on total capital of 6.20%. (Ex. 8, pp. 1, 17).

41. Dr. Amit noted that his recommended return on equity, cost of debt, and the resulting overall rate of return are based on DEA's initially filed test year rate base of \$133,377,000. Dr. Amit determined that, if the Commission approves a rate base different from \$133,377,000, then the returns should be adjusted as follows:

$$\begin{aligned}\text{Return on Equity} &= 6.35 \times (141,794,000/\text{rate base}) \\ \text{Cost of Debt} &= 4,691,034/(0.6037 \times \text{rate base})\end{aligned}$$

(Ex. 8, p. 13).

42. As recommended by Department witness Lusti and agreed to in DEA's Rebuttal Testimony, DEA's Test Year rate base in this proceeding is \$127,405,407. Because the agreed upon rate base was different from the amount used in Dr. Amit's Testimony, Mr. Lusti in Surrebuttal Testimony performed the calculations as required, resulting in the following:

Cost of Debt	6.10 %
Return on Equity	7.07%
Overall Rate of Return	6.48%

(Ex. 4, Att. DVL-15, Schedule 2).

43. Dakota Electric did not object to the rate of return on equity or the overall return on total capital as recommended by Dr. Amit and recalculated by Mr. Lusti.

C. Energy Sales

44. Department witness Shah analyzed Dakota Electric's projected calculations of test year energy sales on behalf of the Department. Mr. Shah's analysis indicated that, because DEA did not understate its sales levels, there is no need to adjust the sales figures in the Cooperative's filing. Mr. Shah therefore recommended no adjustment to the Cooperative's proposed test year sales levels. (Shah, Ex. 9, p. 8).

D. Cost of Service Study

45. Department witness Ouanes evaluated Dakota Electric's class cost of service study on behalf of the Department. Dr. Ouanes recommended that the Commission adopt DEA's cost of service study as presented with the following modifications:

§ Classify the interest on long term debt and the margin requirements on the same basis as net plant in service; and

§ Classify and allocate each component of the accumulation provision for depreciation on the same basis as the corresponding component of plant in service. (Ouanes, Ex. 7, p. 12).

46. Dakota did not raise any objections to the recommendations of Dr. Ouanes.

E. Rate Design

47. Dakota Electric proposed many rate design changes as described in the prefiled Direct Testimony of Mr. Larson, Ex. 1, at pages 35 through 61.

48. Department witness Mr. Lacey reviewed the rate design recommendations proposed by Dakota Electric. Mr. Lacey's rate design proposals are summarized on Pages 75 - 77 of his prefiled Direct Testimony, Ex. 5.

Conservation Information

49. The Department recommended that Dakota Electric provide customers with information regarding ways to conserve energy during high cost periods. (Lacey, Ex. 5, p. 75).

50. In Rebuttal Testimony, Dakota Electric summarized the conservation information it presently provides to customers. Dakota Electric indicated that it

understood the intent of the Department's recommendation is to more clearly identify the topic of conservation information on the Cooperative's website, allowing customers easy access to available information. In addition, Dakota Electric should include additional links to other useful conservation information. Dakota Electric agreed to modify its website to facilitate the ability of customers to find such information. (Ex. 2, pp. 14-15).

51. The Department agreed with DEA's proposal to implement the Department's recommendations to make conservation information more readily available on the Cooperative's website. (Ex. 2, p. 11).

Residential and Farm Demand Control Rate (Schedule 32)

52. DEA proposed implementing a seasonal demand charge for Schedule 32, replacing the current \$7.10 per kW charge with a summer charge of \$10.00 per kW and a winter demand charge of \$7.75 per kW, to slightly increase the percentage of customer costs recovered by the monthly customer charge.

53. The Department supported the idea of replacing the current, flat demand rate with new seasonal demand rates to send a clear price signal regarding customers' usage of the system during different times of the year and to improve DEA's revenue collected related to its capacity costs. However, the Department recommended that Dakota Electric set the seasonal demand rates for Schedule 32 at \$11.00 per kW in the summer months and \$7.40 per kW during the remaining months, to more accurately reflect cost by setting the price differential between summer and non-summer demand in relation to seasonal wholesale capacity costs. (Ex. 5, pp. 27-28).

54. While Dakota Electric did not object to the Department's recommendation regarding seasonal demand rates for Schedule 32, it did raise the issue of Schedule 32 billing demand determination in Rebuttal Testimony. Dakota Electric proposed that the words "most recent 12 months" be replaced with the words "month the bill was rendered" in Schedule 32. This change recognizes the present wholesale rate structure of Great River Energy. (Ex. 2, pp. 15-16).

55. The Department concurred with Dakota Electric's proposal to modify the determination of the demand billing determinants for the Residential and Farm Demand Control Rate (Schedule 32) to more closely reflect wholesale costs. (Ex. 6, p. 7).

Irrigation Service

56. The Department recommended denial of Dakota Electric's request to charge irrigation customers voluntarily switching from interruptible to firm service at the firm rate for all demand taken during the year. Instead, the Department recommended

that these customers be charged the firm demand rate only for the month in which the switch was made. (Ex. 5, pp. 75-76).

57. Dakota Electric concurred in part with the recommendation of the Department. However, Dakota Electric recommended that irrigation customers that switch from interruptible to firm service be required to remain on the firm service rate for the remainder of the calendar year. (Ex. 2, pp. 16-17).

58. The Department recommended that the Commission accept Dakota Electric's proposal to charge irrigation customers switching from the interruptible to the firm rate at the firm demand rate for the remainder of the calendar year because this would reasonably help DEA plan for its power requirements. In addition, it is consistent with other rates that require a minimum length of service under a schedule. (Ex. 6, p. 8).

Maximum Billing Provision

59. The Department recommended approval of Dakota Electric's proposal to eliminate the 20¢ per kWh maximum billing provision for General Service Schedule 42 and require Dakota Electric to inform customers about how they can reduce the impact of the change. (Ex. 5, p. 7). The Department's recommendation was based on the principle that customers should pay the cost of providing them electric service. Thus, DEA's proposal recovers its costs and sends appropriate price signals to customers about DEA's cost of providing the service. (Ex. 5, p. 44).

60. Dakota Electric did not object to the additional requirement of informing customers about how they can reduce the impact of this change.

Combined General Service

61. Dakota Electric proposed to consolidate the services provided under existing Rate Schedules 42, 43 and 48 under a new Combined General Service Rate Schedule. (Ex. 1, pp. 45-47).

62. The Department recommended that the Commission reject Dakota Electric's proposal to implement the proposed Combined General Service Schedule. (Ex. 5, p. 76).

63. In prefiled Rebuttal Testimony, Dakota Electric described four reasons why the proposed Combined General Service Rate Schedule should be adopted. In addition, Dakota Electric discussed the impact of this proposed rate on various types of customers. (Ex. 2, pp. 6-11).

64. As a result of the additional information provided by Dakota Electric in Rebuttal Testimony, the Department recommended in Surrebuttal Testimony that

Dakota Electric's proposed Combined General Service Schedule be approved. The Department's position is based on the following additional information provided by DEA: encouraging higher load factors through demand reduction would lower the wholesale power cost to the class; and DEA has made proactive efforts to explain the proposed changes to its general service customers and the subsequent response has been satisfactory. (Ex. 6, p. 2).

Seasonal Demand Differential

65. Dakota Electric's rate filing included proposed rates that are seasonally differentiated. For customers that are energy billed, the seasonal differential is reflected in the energy charge. For customers that are on rate schedules that include demand charges, the seasonal differential is reflected in the demand charge. Dakota Electric proposed to apply a seasonal demand differential of \$2.25 per kW. (Ex. 1, p. 47).

66. The Department conducted an alternative seasonal demand analysis and recommended differing demand differentials. (Ex. 5, p. 47).

67. Dakota Electric acknowledged that it can accept the DOC methodology for determining seasonal differentials but believed that additional adjustments should be included in the DOC determination of the seasonal demand differential. With proposed refinements to the calculation methodology, Dakota Electric recommended that a seasonal demand differential of \$3.10 per kW be applied to the Combined General Service Schedule resulting in a summer demand rate of \$9.15 per kW and a winter demand rate of \$6.05 per kW. (Ex. 2, pp. 11-13).

68. The Department recommended that the Commission accept Dakota Electric's proposed seasonal rates for the Combined General Service Schedule. In addition, the Department concurred with Dakota Electric's position that wholesale power cost differentials are fully implemented and reflected in these proposed retail rates and that no further adjustment would be necessary in a future general rate case. (Ex. 6, p. 11).

Lighting Rates

69. The Department recommended changes to several monthly rates for lighting service. (Ex. 5, p. 76).

70. Dakota Electric agreed with the Department's proposed modification to lighting rates. (Ex. 2, p. 19).

Seasonal Customer Rider

71. The Department recommended that the Commission reject Dakota Electric's proposal to implement a Seasonal Customer Rider until the Cooperative provided the criteria by which it will determine which customers qualify for the rider. (Ex. 5, p. 77).

72. Dakota Electric proposed a definition for seasonal customers in Rebuttal Testimony to address this issue: “seasonal customers qualifying for the Seasonal Customer Rider are defined as businesses (service or production) that are closed or shut down for at least 3 consecutive months during the year.” (Ex. 2, p. 18).

73. The Department recommended that the Commission accept Dakota Electric’s proposal to implement the Seasonal Customer Rider based on the Cooperative’s definition of a seasonal customer provided in Rebuttal Testimony. (Ex. 6, p. 12).

Compliance Filing for Irrigation and Lighting Rates

74. In Rebuttal Testimony, Dakota Electric outlined a proposed implementation and compliance filing for the Irrigation and Lighting Rate changes. Such rates will be phased in over a two year period. (Ex. 2, pp. 18-19).

75. The Department recommended approval of Dakota Electric’s proposal to implement the two year phase in of the Irrigation and Lighting Rates, including the specific Lighting Rate changes proposed by the Department in Direct Testimony. (Ex. 6, p. 12).

Customer Charges

76. As part of its analysis, the Department examined the appropriateness of DEA’s proposed monthly customer charges. Under DEA’s proposal, revenue apportionment to the customer charge, in proportion to total revenue, would increase by two to four percent for most classes. The Department concluded that DEA’s customer charges were appropriate, since the revenue recovery from the customer charge would make a small step toward cost recovery, thereby reducing intraclass subsidies.

77. The Irrigation class experienced the greatest change, with the addition of a \$22.00 per month customer charge in place of the current annual minimum charge, which would be eliminated. The Department concluded that the change would be appropriate because customers can take service during any month of the year. As a result, it is appropriate to send customers price signals indicating that the Company incurs costs related to the service throughout the year. (Ex. 5, pp. 31-32).

78. Under the DEA proposal, other classes would receive smaller, albeit significant, changes to the monthly customer charge. The Department agreed that the proposed changes are necessary, based on DEA’s class cost of service study. For example, the customer charge for the standard residential tariff (Schedule 31) would increase 9.4 percent, or \$0.60, from \$6.40 per month to \$7.00 per month. The proposed customer charge would recover less than one-third of the monthly customer cost of \$24.00. (Ex. 5, pp. 21-22).

79. For the Small General Service tariff (Schedule 41), the monthly customer charge would increase 9.6 percent, from \$7.30 to \$8.00 per month. (Ex. 5, pp. 36-36). Finally, following the implementation of the combined General Service tariff (Schedule 46), customers who were previously under Schedule 42 would see the monthly customer charge increase by \$5.00 per month to \$25.00. (Ex. 5, p. 38).

80. The customer rates are included in the present and proposed rates for each tariff, incorporating the impact of all financial and rate adjustments, at Appendix B.

RECOMMENDATION

Based on all the proceedings herein, and specifically based on the agreement of the parties on all material issues, the Administrative Law Judge recommends that the Commission approve the filing submitted by Dakota Electric Association as confirmed and modified by agreement above.

Dated this 26th day of September, 2003.

/s/ Kathleen D. Sheehy

KATHLEEN D. SHEEHY
Administrative Law Judge

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